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Congress of the United States
House of Representatives
Washington, DC 20515-0530

HENRY A. WAXMAN
30TH DISTRICT, CALIFORNIA

June 18, 2010

The Honorable Barney Frank
Chairman
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Collin Peterson
Chairman
Committee on Agriculture
1301 Longworth House Office Building
Washington, D.C. 20515

The Honorable Spencer Bachus
Ranking Member
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Frank Lucas
Ranking Member
Committee on Agriculture
1301 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Frank, Ranking Member Bachus Chairman Peterson, Ranking Member Lucas:

I am writing to request that you retain an important provision sponsored by Senator Lincoln in the Wall Street Transparency & Accountability Act, which bans the trading of futures contracts based on motion picture box office receipts.

As you know, the Commodity Futures Trading Commission (CFTC) recently approved the trading of futures contracts based on motion picture box office receipts over the objections of a broad coalition of entertainment industry groups, including the Motion Picture Association of America (MPAA), the Directors Guild of America (DGA), the Independent Film and Television Alliance (IFTA), the International Alliance of Theatrical Stage Employees (IATSE), and the National Association of Theater Owners (NATO). While a majority of CFTC commissioners expressed reservations about creating movie futures markets, they lacked the statutory authority to deny their approval.

The entertainment industry believes that a movie futures market amounts to gambling on the box office performance of motion pictures. It is also concerned that contracts would create new business and legal risks for the industry, including conflicts of interest and insider trading. Significantly, none of the six major studios have expressed interest in participating in a futures market to hedge against losses from a movie's box office performance.

I believe it would be counterproductive at this time for Congress to allow for the creation of a market for a new and exotic financial instrument. As you work to reconcile the differences in the House and Senate bills, I urge you to accept the Senate's language banning movie futures.

June 18, 2010

Page 2

I appreciate your attention to my concern about this matter.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, flowing style.

HENRY A. WAXMAN

Member of Congress

HAW:MW